

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

JK

May 22, 2007

TO: Internal File

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Wayne H. Western, Environmental Scientist III. Ownership and Engineering *W/W*

RE: Lease Area Relinquishment, Canyon Fuel Company LLC, SUFCO Mine,
C041/0002, Task ID #2805

SUMMARY:

On March 2, 2007, the Division received an amendment in which the Permittee requested that the permit area be reduced by 1,477. The reason for the request is that the BLM relinquished the 1447 acres on March 27, 2006. The Permittee did not request any reduction in the disturbed areas (bonded areas.)

On May 11, 2007, the Division received additional information that included revised maps that show the permit boundaries.

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TECHNICAL ANALYSIS:

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

PERMIT AREA

Regulatory Requirements: 30 CFR 783.12; R645-301-521.

Analysis:

The Permittee met the minimum requirements of this section by describing and identifying the areas that are within the permit boundaries. On March 2, 2007, the Division received an amendment in which the Permittee requested that the permit area be reduced by 1,477. The reason for the request is that the BLM relinquished the 1,447 acres.

The Permittee provided the Division with a copy of the partial lease relinquishment issued by the BLM of March 27, 2006. The Permittee did not mine in the area of lease relinquishment. The BLM modified the (resource recovery and protection plan) R2P2 on November 17, 2006 to take into account the lease relinquishment.

The Permittee updated the Chapter 1 to show the updated permit area and the number of permit acres that are owned by the federal government, State government and private landowners.

Findings:

The information provided in the proposed amendment is considered adequate to meet the requirements of this section.

MAPS, PLANS, AND CROSS SECTIONS OF RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.24, 783.25; R645-301-323, -301-411, -301-521, -301-622, -301-722, -301-731.

Analysis:

Permit Area Boundary Maps

The Permittee met the minimum requirements of this section. The Permittee updated all maps that show the permit boundary.

Findings:

The information provided in the proposed amendment is considered adequate to meet the requirements of this section.

RECOMMENDATIONS:

The Division should approve the amendment.

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TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

General Chapter 1 volume contains information on corporate ownership for Canyon Fuel Company's affiliated Utah mines: SUFCO Mine, Skyline Mine, Soldier Canyon Mine, Banning Loadout, and Dugout Canyon Mines. (Section 111 of the MRP).

Section 112.400 of the MRP and Table 1-1 and Figure 1-1 (A – D) of General Chapter 1 provide a listing of affiliated coal mining operations under the control of Canyon Fuel Co., LLC. The listing includes the affiliated Utah mines itemized in Sec 111 and the successfully reclaimed bond release sites: Gordon Creek No. 2, 7, and 8, Gordon Creek No. 3 and 6, and Huntington Canyon No. 4 mine.

Figure 1-1 (A-D) also provides an organizational chart showing corporate ownership and control of Canyon Fuel Co., LLC by Arch Coal, Inc. The list of officers and directors for Canyon Fuel Co., LLC and its four corporate owners Arch Western Bituminous Group, LLC; Arch Western Resources, LLC; Arch Western Acquisitions Corp; and Arch Coal, Inc.) is found in Appendix 1-1. App. 1-1 was last updated in February 2007. Changes in officers are clearly noted with beginning and ending dates and are attested to by notarized statements from each corporate entity.

Findings:

The information provided meets the requirements of the Regulations.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

Section 113 of the MRP indicates that a current listing of violation information is provided in the General Chapter 1 volume for Utah affiliated mines. The most current list dated December 2004 – 2006 is found in Table 1-2.

Findings:

The information provided meets the requirements of the Regulations.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

The Waste Rock lease agreement between the Thelonis Trust and Canyon Fuel Company is included in the MRP Section 3.2, Exhibit A. With this agreement, the Permittee has right of entry to XX acres in the NW ¼ NW ¼ of Sec. 21 T. 13 S., R. 13 E. The agreement will expire in 2019. The Permittee plans to expand the waste rock site from XX acres to XX acres over the next 15 years.

Findings

Information provided meets the requirements for right of entry for the expanded waste rock storage site.

LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

The application does not change the status of unsuitability claims for the coal mining and reclamation operation.

Findings:

The available information meets the requirements of the Regulations.

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PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

This amendment does not change the permit renewal dates.

Findings:

The information available meets the requirements of the Regulations.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

Certificates of Insurance are located in the General Chapter 1 Volume, App. 1-2. The insurance provider is Marsh USA, Inc. and the company affording coverage is Ace American Insurance Co. The Division of Oil Gas and Mining is listed as the Certificate holder. Policies current through July 2007 are on file at the Division.

This amendment is not considered a significant revision and therefore, no public notice is required.

Findings:

The information presented meets the requirements of the Regulations.

ENVIRONMENTAL RESOURCE INFORMATION

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

SOILS RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.21; 30 CFR 817.22; 30 CFR 817.200(c); 30 CFR 823; R645-301-220; R645-301-411.

Analysis:

A soil survey was conducted in January 2007, by Clement Drilling and Geophysical, Inc. The scale of the map provided is 1:24,000. On this map scale, it appears that pit SP1 was located approximately 0.05 miles or 260 east (undisturbed northwest facing slope) from the existing disturbed site and SP2 was located three hundred feet south on the undisturbed west facing slope. The pits were excavated by hand to a depth of three feet. Due to the time of year, the surface soils were thawed with a propane torch prior to digging.

Interestingly, the C horizon at SP1 was given the horizon designation C_u to indicate the presence of human manufactured artifacts. The type of artifact was not noted, however. Test pits were thoroughly photographed, but no soil analyses were provided.

The purpose of the soils report is to determine the patterns of occurrence of different kinds of soils within the map unit, their proportionate extent, and their position on the landform; such that an estimate of soil salvage volume can be reasonably made. Transects across the proposed disturbed area would achieve this objective. A map of the scale 1:12,000 would also be beneficial.

The soil survey does not mention the climate regime or the elevation, but it is known by the Division to be cryic at the site elevation of 8,100 ft. According to the National Soil Survey Manual, fine textured soils have a high potential for potential frost action. The survey indicated that the "uppermost frozen soil" was thawed with a propane torch. The specific depth of frost penetration was not stated. The soil survey should indicate the depth to lithic contact (bedrock).

Findings:

The Permittee has not complied with the Environmental Soil Resource requirements of the Regulations.

R645-301-222, The Permittee must provide soil consultants credentials for soil taxonomic work. The Permittee must provide a map with a scale of 1:12,000 showing the soil survey of the site and locations of test pits. The soil report must include soil analyses by horizon from the test pits for baseline information described in the Division's 2005 DRAFT Soils and Overburden Guidelines Table 3. The soil report must include field notes with a description of the manmade materials encountered at SP1. For each pit, the soil report must indicate depth to lithic contact or state bedrock was not encountered. The soil report must include transects across the proposed disturbed area to determine the patterns of occurrence of different kinds of soils or inclusions within the map unit, their proportionate extent, and their position on the landform.

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OPERATION PLAN

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-230.

Analysis:

Topsoil Removal and Storage

No change to operations and replacement plans.

Findings:

The Permittee has complied with the Operational Soil Resource requirements of the Regulations.

R645-301-231.100,

SPOIL AND WASTE MATERIALS

Regulatory Reference: 30 CFR Sec. 701.5, 784.19, 784.25, 817.71, 817.72, 817.73, 817.74, 817.81, 817.83, 817.84, 817.87, 817.89; R645-100-200, -301-210, -301-211, -301-212, -301-412, -301-512, -301-513, -301-514, -301-521, -301-526, -301-528, -301-535, -301-536, -301-542, -301-553, -301-745, -301-746, -301-747.

Analysis:

Refuse Piles

The plan indicates the volume of waste currently buried at the Scofield Waste Rock site (in a table on an unnumbered page in an undesignated section of the MRP). The available capacity left at the Waste Rock site is approximately $8,000 \text{ yd}^3 @ 91 \text{ lb/ft}^3 = 9,840 \text{ tons}$ per year for seven years or $57,539 \text{ yd}^3$ (68,880 tons).

Findings:

The Permittee has met the R645-301-536 requirement to disclose the capacity of the coal mine waste storage designs.

RECLAMATION PLAN

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

Reclamation of the site is shown on Map 4.16.1C without a pond retained and on Map 4.16.1B with the pond retained (at landowners request). Redistribution of the topsoil and subsoil removed from the site will be returned to the XX ac site. Other reclamation activities remain unchanged.

Findings:

The information provided meets the requirements of the regulations for replacement of topsoil.

RECOMMENDATIONS:

The Division should not approve this application until all deficiencies listed above are resolved.